

EXHIBIT C



October 30, 2006

Mark Szporka
 PainCare Holdings, Inc.
 1030 N. Orange Avenue
 Suite 105
 Orlando, Florida 32801

Re: Liquidated Damages Under PainCare Holdings, Inc. Registration Rights Agreement

Dear Mr. Szporka:

Shepherd Investments International Ltd. ("Shepherd") purchased 750,000 shares of restricted common stock (the "Common Stock") of PainCare Holdings, Inc. ("PainCare") and warrants exercisable for 306,325 shares of common stock of PainCare (the "Warrant Stock") (the Warrant Stock together with the Common Stock being the "Registrable Securities"), for a total investment of \$2,325,000, pursuant to the Securities Purchase Agreement executed in connection with PainCare's December 2005 PIPE offering. The registration rights provisions of the Securities Purchase Agreement obligated PainCare to register the Registrable Securities with the Securities and Exchange Commission. These provisions required PainCare to file the required registration statement with the SEC no later than March 3, 2006, and to have it effective by June 1, 2006.

PainCare filed a registration statement for the Registrable Securities on March 1, 2006, but as of the date of this letter, PainCare's registration statement for the Registrable Securities has not been declared effective. At the very latest, this registration statement was required to be effective by June 1, 2006 (assuming that the SEC reviewed the registration statement). Pursuant to Section 6(b)(iv) of the Securities Purchase Agreement, liquidated damages began accruing on June 2, 2006 (the "Event Date"). The monthly liquidated damages are 1% of Shepherd's investment amount payable on the Event Date and each monthly anniversary of such Event Date. Beginning with the fourth month, the monthly liquidated damages are 2% of Shepherd's investment amount. Furthermore, late payments bear interest at a rate of 1% per month.

For your convenience, I have enclosed a table setting forth the amount of liquidated damages due to Shepherd beginning on the Event Date and continuing through the rest of this year. As of the date of this letter, the total amount due (shown in the right-hand column of the attached table) to Shepherd is \$141,848.38. Liquidated damages and interest will continue to accrue until the registration statement registering the Registrable Securities for resale is declared effective.



Please remit to Shepherd the total amount due (shown on the attached table) according to the wire instructions as follows:

US Bank
ABA: 075-000-022
A/C: Shepherd Investments International Ltd
A/C #: 1823-8036-6753

After you have wired the payment to Shepherd, please provide me with the Fedwire Reference Number for the wire. I can be reached by e-mail at mdahm@starkinvestments.com or by phone at (414) 294-7766. Please do not hesitate to call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Dahm".

Michael E. Dahm
Corporate Counsel

Cc: Joel D. Mayersohn
Adorno & Yoss LLP

PainCare Holdings, Inc.
Liquidated Damages Calculation

Liquidated Damages Due (\$) (1% of investment of \$2,325,000 for first 3 months) (2% of investment of \$2,325,000 for month 4 and after) (Late payments bear 1% monthly interest rate)			
Date	Liquidated Damages	Interest	Total Payment Due
June 2, 2006	23,250.00		23,250.00
June 3, 2006			23,250.00
June 4, 2006			23,250.00
June 5, 2006			23,250.00
June 6, 2006			23,250.00
June 7, 2006			23,250.00
June 8, 2006			23,250.00
June 9, 2006			23,250.00
June 10, 2006			23,250.00
June 11, 2006			23,250.00
June 12, 2006			23,250.00
June 13, 2006			23,250.00
June 14, 2006			23,250.00
June 15, 2006			23,250.00
June 16, 2006			23,250.00
June 17, 2006			23,250.00
June 18, 2006			23,250.00
June 19, 2006			23,250.00
June 20, 2006			23,250.00
June 21, 2006			23,250.00
June 22, 2006			23,250.00
June 23, 2006			23,250.00
June 24, 2006			23,250.00
June 25, 2006			23,250.00
June 26, 2006			23,250.00
June 27, 2006			23,250.00
June 28, 2006			23,250.00
June 29, 2006			23,250.00
June 30, 2006			23,250.00
July 1, 2006			23,250.00
July 2, 2006	23,250.00	232.50	46,732.50
July 3, 2006			46,732.50
July 4, 2006			46,732.50
July 5, 2006			46,732.50
July 6, 2006			46,732.50
July 7, 2006			46,732.50
July 8, 2006			46,732.50
July 9, 2006			46,732.50
July 10, 2006			46,732.50
July 11, 2006			46,732.50
July 12, 2006			46,732.50
July 13, 2006			46,732.50
July 14, 2006			46,732.50

July 15, 2006			46,732.50
July 16, 2006			46,732.50
July 17, 2006			46,732.50
July 18, 2006			46,732.50
July 19, 2006			46,732.50
July 20, 2006			46,732.50
July 21, 2006			46,732.50
July 22, 2006			46,732.50
July 23, 2006			46,732.50
July 24, 2006			46,732.50
July 25, 2006			46,732.50
July 26, 2006			46,732.50
July 27, 2006			46,732.50
July 28, 2006			46,732.50
July 29, 2006			46,732.50
July 30, 2006			46,732.50
July 31, 2006			46,732.50
August 1, 2006			46,732.50
August 2, 2006	23,250.00	467.33	70,449.83
August 3, 2006			70,449.83
August 4, 2006			70,449.83
August 5, 2006			70,449.83
August 6, 2006			70,449.83
August 7, 2006			70,449.83
August 8, 2006			70,449.83
August 9, 2006			70,449.83
August 10, 2006			70,449.83
August 11, 2006			70,449.83
August 12, 2006			70,449.83
August 13, 2006			70,449.83
August 14, 2006			70,449.83
August 15, 2006			70,449.83
August 16, 2006			70,449.83
August 17, 2006			70,449.83
August 18, 2006			70,449.83
August 19, 2006			70,449.83
August 20, 2006			70,449.83
August 21, 2006			70,449.83
August 22, 2006			70,449.83
August 23, 2006			70,449.83
August 24, 2006			70,449.83
August 25, 2006			70,449.83
August 26, 2006			70,449.83
August 27, 2006			70,449.83
August 28, 2006			70,449.83
August 29, 2006			70,449.83
August 30, 2006			70,449.83
August 31, 2006			70,449.83
September 1, 2006	23,250.00	704.50	94,404.33
September 2, 2006			94,404.33
September 3, 2006			94,404.33
September 4, 2006			94,404.33

September 5, 2006			94,404.33
September 6, 2006			94,404.33
September 7, 2006			94,404.33
September 8, 2006			94,404.33
September 9, 2006			94,404.33
September 10, 2006			94,404.33
September 11, 2006			94,404.33
September 12, 2006			94,404.33
September 13, 2006			94,404.33
September 14, 2006			94,404.33
September 15, 2006			94,404.33
September 16, 2006			94,404.33
September 17, 2006			94,404.33
September 18, 2006			94,404.33
September 19, 2006			94,404.33
September 20, 2006			94,404.33
September 21, 2006			94,404.33
September 22, 2006			94,404.33
September 23, 2006			94,404.33
September 24, 2006			94,404.33
September 25, 2006			94,404.33
September 26, 2006			94,404.33
September 27, 2006			94,404.33
September 28, 2006			94,404.33
September 29, 2006			94,404.33
September 30, 2006			94,404.33
October 1, 2006			94,404.33
October 2, 2006	46,500.00	944.05	141,848.38
October 3, 2006			141,848.38
October 4, 2006			141,848.38
October 5, 2006			141,848.38
October 6, 2006			141,848.38
October 7, 2006			141,848.38
October 8, 2006			141,848.38
October 9, 2006			141,848.38
October 10, 2006			141,848.38
October 11, 2006			141,848.38
October 12, 2006			141,848.38
October 13, 2006			141,848.38
October 14, 2006			141,848.38
October 15, 2006			141,848.38
October 16, 2006			141,848.38
October 17, 2006			141,848.38
October 18, 2006			141,848.38
October 19, 2006			141,848.38
October 20, 2006			141,848.38
October 21, 2006			141,848.38
October 22, 2006			141,848.38
October 23, 2006			141,848.38
October 24, 2006			141,848.38
October 25, 2006			141,848.38
October 26, 2006			141,848.38

October 27, 2006			141,848.38
October 28, 2006			141,848.38
October 29, 2006			141,848.38
October 30, 2006			141,848.38
October 31, 2006			141,848.38
November 1, 2006			141,848.38
November 2, 2006	46,500.00	1,418.49	189,766.87
November 3, 2006			189,766.87
November 4, 2006			189,766.87
November 5, 2006			189,766.87
November 6, 2006			189,766.87
November 7, 2006			189,766.87
November 8, 2006			189,766.87
November 9, 2006			189,766.87
November 10, 2006			189,766.87
November 11, 2006			189,766.87
November 12, 2006			189,766.87
November 13, 2006			189,766.87
November 14, 2006			189,766.87
November 15, 2006			189,766.87
November 16, 2006			189,766.87
November 17, 2006			189,766.87
November 18, 2006			189,766.87
November 19, 2006			189,766.87
November 20, 2006			189,766.87
November 21, 2006			189,766.87
November 22, 2006			189,766.87
November 23, 2006			189,766.87
November 24, 2006			189,766.87
November 25, 2006			189,766.87
November 26, 2006			189,766.87
November 27, 2006			189,766.87
November 28, 2006			189,766.87
November 29, 2006			189,766.87
November 30, 2006			189,766.87
December 1, 2006			189,766.87
December 2, 2006	46,500.00	1,897.67	238,164.54
December 3, 2006			238,164.54
December 4, 2006			238,164.54
December 5, 2006			238,164.54
December 6, 2006			238,164.54
December 7, 2006			238,164.54
December 8, 2006			238,164.54
December 9, 2006			238,164.54
December 10, 2006			238,164.54
December 11, 2006			238,164.54
December 12, 2006			238,164.54
December 13, 2006			238,164.54
December 14, 2006			238,164.54
December 15, 2006			238,164.54
December 16, 2006			238,164.54
December 17, 2006			238,164.54

December 18, 2006			238,164.54
December 19, 2006			238,164.54
December 20, 2006			238,164.54
December 21, 2006			238,164.54
December 22, 2006			238,164.54
December 23, 2006			238,164.54
December 24, 2006			238,164.54
December 25, 2006			238,164.54
December 26, 2006			238,164.54
December 27, 2006			238,164.54
December 28, 2006			238,164.54
December 29, 2006			238,164.54
December 30, 2006			238,164.54
December 31, 2006			238,164.54
January 1, 2007	46,500.00	2,381.65	238,164.54
January 2, 2007			287,046.19